



**SUFFOLK COUNTY  
OFFICE OF THE COMPTROLLER  
AUDIT DIVISION**

**Joseph Sawicki, Jr.  
Comptroller**

Single Audit Subrecipient Monitoring  
For the Period  
January 1, 2007 through December 31, 2007

**Report No. 2009-09  
Date Issued: October 8, 2009**

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## LETTER OF TRANSMITTAL

October 8, 2009

Hon. Joseph Sawicki Jr.  
Suffolk County Comptroller  
Suffolk County Department of Audit and Control  
H. Lee Dennison Executive Office Building  
100 Veterans Memorial Highway  
P.O. Box 6100  
Hauppauge, N.Y. 11788

Dear Mr. Sawicki:

In accordance with the authority vested in the County Comptroller by the Suffolk County Charter (Article V) and the federal regulations promulgated by the United States Office of Management and Budget (OMB), "OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations", we conducted a performance audit regarding the federal funding that Suffolk County passed-through to subrecipients for the period January 1, 2007 through December 31, 2007. Our objectives were as follows:

- To determine which subrecipients were required to have a Single Audit performed.
- To obtain copies of and review the Single Audit reports for compliance with the requirements of OMB Circular A-133.
- To determine if any of the Single Audit reports reviewed contained findings that related to programs that received federal funding passed-through from Suffolk County.
- To follow-up on any outstanding issues that were disclosed in our prior audit report on Subrecipient Monitoring that covered the period January 1, 2006 through December 31, 2006 (Report No. 2008-04).

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The results of our audit disclosed that all of Suffolk County's subrecipients complied with OMB Circular A-133 requirements by having a Single Audit conducted if they expended \$500,000 or more in federal funds. However, the Town of Riverhead has not yet submitted a copy of their report to Suffolk County; they expect to issue the report by December 31, 2009. We reviewed thirty-two Single Audit reports and found that three reports contained findings relating to programs that received federal funding passed-through from Suffolk County.

Respectfully,

A handwritten signature in cursive script that reads "Elizabeth Tesoriero".

Elizabeth Tesoriero, CPA  
Executive Director of Auditing  
Services

## **GENERAL INFORMATION**

The Federal Government enacted the Single Audit Act in an effort to obtain consistency in the administration and reporting of federal financial assistance. Suffolk County, as a recipient of federal funding, is required to be in compliance with the Single Audit Act and to have an annual audit, known as a Single Audit, conducted of its books and records. The County's Single Audit must be conducted in accordance with regulations promulgated by the Office of Management and Budget (OMB), known as "OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations." Suffolk County incorporated the requirements of OMB Circular A-133 into Standard Operating Procedure (SOP) D-10, titled "Compliance with Single Audit Requirements."

OMB Circular A-133 places certain responsibilities on Suffolk County, as the recipient of federal monies; these responsibilities include assuring that its subrecipients have complied with the federal reporting requirements. The County's subrecipients consist of other municipalities, such as towns and villages, and non-profit organizations. These subrecipients are required to comply with the same reporting requirements as the County and must obtain a Single Audit if \$500,000 or more in federal funding is expended during their fiscal year.

Profit-making entities, vendors paid through federal funding, and individuals that are beneficiaries of federally funded programs are not required to comply with the Single Audit Act requirements.

## SCOPE AND METHODOLOGY

To achieve the objectives stated in the Letter of Transmittal (p. 1) we performed the following procedures:

- Sent a letter to all County departments requesting information regarding the amount of federal funding passed-through to subrecipients for the year 2007 and summarized the information received.
- Informed County departments that they are responsible for contacting their subrecipients and obtaining a copy of the Single Audit report or a Single Audit exemption letter<sup>1</sup>, and submitting it to the Department of Audit and Control.
- Reviewed the Single Audit reports for compliance with OMB Circular A-133. Also, determined if the reports contained findings relating to programs that received federal pass-through funding from Suffolk County; if so, informed the department(s) that passed through the federal funding of the audit findings and requested follow-up action by the department(s), if deemed necessary.
- Notified the subrecipients of any deficiencies in their reports and requested corrective action. Determined whether all identified deficiencies were satisfactorily resolved.
- Reviewed the Single Audit exemption letters<sup>1</sup> to verify that the subrecipients qualified for the exemption from Single Audit Act requirements.
- Followed-up on any outstanding issues identified in our prior report on Subrecipient Monitoring covering the period January 1, 2006 through December 31, 2006.

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<sup>1</sup> A Single Audit exemption letter is a written certification by the subrecipient's Chief Financial Officer stating that the entity qualified for exemption from Single Audit requirements because less than \$500,000 in federal funds was expended. The subrecipient is also required to submit a supporting schedule of federal funds expended as an attachment to the letter. Thirty-nine subrecipients submitted a Single Audit exemption letter.

## AUDIT RESULTS

Ten County departments passed-through federal funding to subrecipients during the period January 1, 2007 through December 31, 2007 (Schedule 1). Based on the information provided by these departments, we determined that Suffolk County passed-through federal funds totaling \$18,869,631 to seventy-two subrecipients as follows:

<u>Subrecipient Category</u>	<u>Amount</u>
Towns (10)	\$ 5,648,587 (Schedule 2)
Villages (9)	400,538 (Schedule 3)
Nonprofit Organizations (53)	<u>12,820,506</u> (Schedule 4)
Total (72)	\$18,869,631

Thirty-nine subrecipients submitted Single Audit exemption letters and thirty-two subrecipients submitted Single Audit reports to our office. The Town of Riverhead has not submitted a report as of the date of this report; however, they expect to issue the report by 12/31/09.

Our review of the submitted reports disclosed that seven of the thirty-two reports (22%) initially contained deficiencies. The subrecipients were notified of the reporting deficiencies and satisfactory resolution was subsequently achieved.

Three of the reports reviewed contained audit findings that pertained to programs that received federal pass-through funding from Suffolk County. The details are as follows:

- Town of Southampton for the year ended 12/31/07- The report includes a repeat finding from the prior year regarding late submission of claims. The finding pertains to funding passed-through from the Suffolk County Office for the Aging for the Nutrition Program (CFDA No's 93.045 and 93.053).
- American Red Cross Suffolk County Chapter for the year ended 6/30/07- The report contains two findings related to pass-through funding from the Suffolk County Office for Aging under CFDA No. 93.045. One finding involves incorrect claiming of expenses (2006 program expenses were submitted for reimbursement during 2007) and the second finding involves the lack of a written procurement policy. The response by American Red Cross indicates that they will take corrective action. We informed the Office for the Aging of the findings and requested that they follow-up and take appropriate action if deemed necessary.



- Community Development Corp. of Long Island (CDCLI) for the year ended 10/31/07- The report contains two findings related to pass-through funding from the Office of Community Development, the Office for the Aging, and the Department of Social Services as follows:
  - The first finding involves a material weakness in internal controls that includes inadequate accounting practices and a lack of technical experience and knowledge to ensure compliance with OMB Circular A-133 and other requirements under government contracts. CDCLI's response indicates that a new Controller has been hired and that other corrective actions have been taken.
  - The second finding which relates to the Low Income Energy Assistance Program under CFDA No. 93.568 indicates that CDCLI has not taken a physical inventory of equipment purchased with federal funds and has not tagged the equipment. CDCLI's response indicates that they have instituted inventory control procedures that include performing a physical inventory and tagging equipment.

We informed the Office of Community Development, the Office for the Aging, and the Department of Social Services of the findings. Due to the seriousness of the internal control deficiencies identified in the first finding, we requested that the three County departments review the claims and program reports submitted by CDCLI and take corrective action if deemed necessary.

## **FOLLOW-UP ON PRIOR YEAR'S REPORT**

Our prior audit report on Single Audit Subrecipient Monitoring (Report No. 2008-04) disclosed that all of the subrecipients that received pass-through federal funding from Suffolk County in 2006 had complied with the reporting requirements of OMB Circular A-133 and SOP D-10 by submitting a copy of their Single Audit report or a Single Audit exemption letter to the Comptroller's Office. Therefore, no follow-up is necessary regarding compliance with reporting requirements.

The status of prior audit findings relating to programs that received federal pass-through funding from Suffolk County is as follows:

- Town of Southampton for the year ended 12/31/06- One finding related to federal pass-through funding from the County's Office for the Aging was repeated in the Town's single audit report for the year ended 12/31/07. The finding related to late submission of reimbursement claims for the Nutrition Program (CFDA No's 93.045 and 93.053).
- YMCA of Long Island for the year ended 12/31/06- Two findings related to federal pass-through funding from the Suffolk County Department of Health Services were resolved and the findings were not repeated in the YMCA's single audit report for the year ended 12/31/07.

## **SCHEDULES**

Note: The accompanying schedules are an integral part of this report and should be read in conjunction with the Letter of Transmittal (p. 1).

Schedule 1

Summary of Federal Pass-Through Funding to Subrecipients  
By Suffolk County Departments  
For the Period January 1, 2007 through December 31, 2007

	<u>Subrecipient Category</u>			<u>Total</u>
	<u>Towns (Sch.2)</u>	<u>Villages (Sch.3)</u>	<u>Nonprofit Organizations (Sch.4)</u>	
<b><u>Suffolk County Department</u></b>				
Department of Health Services	\$ 709,065	\$ -	\$ 5,950,257	\$ 6,659,322
Economic Development & Workforce Housing: Office of Community Development	3,538,341	373,440	1,311,986	5,223,767
Department of Social Services	-	-	3,612,743	3,612,743
County Executive: Office for the Aging	1,309,788	-	1,575,975	2,885,763
Fire, Rescue & Emergency Services	41,511	22,704	69,512	133,727
Probation Department	-	-	110,000	110,000
Police Department	49,882	4,394	46,957	101,233
County Executive: Budget Office	-	-	74,031	74,031
Labor Department	-	-	53,840	53,840
District Attorney	-	-	15,205	15,205
<b>Total</b>	<b><u>\$ 5,648,587</u></b>	<b><u>\$ 400,538</u></b>	<b><u>\$ 12,820,506</u></b>	<b><u>\$ 18,869,631</u></b>

Schedule 2

Summary of Federal Pass-Through Funding to Town Subrecipients  
For the Period  
For the Period January 1, 2007 through December 31, 2007

<u>Notes</u>	<u>Towns</u>	<u>Amounts</u>
(3)	Babylon	\$ 578,925
(3)	Brookhaven	2,448,230
(2),(4)	East Hampton	271,048
(4)	Huntington	569,178
(2),(3)	Islip	141,887
(5)	Riverhead	382,947
(1)	Shelter Island	134,299
(2),(3)	Smithtown	337,593
(2),(3)	Southampton	479,194
(1)	Southold	305,286
		<u>\$ 5,648,587</u>

See Notes to Schedules (p.13)

Schedule 3

Summary of Federal Pass-Through Funding to Village Subrecipients  
For the Period  
For the Period January 1, 2007 through December 31, 2007

<u>Notes</u>	<u>Villages</u>	<u>Amounts</u>
(1)	Amityville	\$ 855
(1)	Bellport	19,173
(1)	Huntington Bay	8,405
(1)	Lake Grove	57,819
(1)	Nissequogue	347
(1)	Northport	14,458
(2),(4)	Patchogue	269,151
(1)	Southampton	20,000
(1)	Westhampton Beach	10,330
		<u>\$ 400,538</u>

See Notes to Schedules (p.13)

Schedule 4

Summary of Federal Pass-Through Funding to Non-Profit Subrecipients  
For the Period  
For the Period January 1, 2007 through December 31, 2007

<u>Notes</u>	<u>Nonprofit Organizations</u>	<u>Amounts</u>
(2),(3)	Abilities Inc.	\$ 53,840
(1)	Adelante of Suffolk County	2,845
(3)	Alternatives Counseling Centers	524,852
(1)	American Center for Senior Citizen Services	21,189
(4)	American Red Cross Suffolk County Chapter	571,456
(1)	Bellport, Hagerman, E. Patchogue Alliance	125,295
(1)	Brighter Tomorrows	118,154
(1)	Brookhaven Hospital	114,700
(3)	Catholic Charities	1,435,618
(3)	Child Care Council of Suffolk	916,383
(3)	Community Development Corp of Long Island (CDCLI)	507,501
(2),(4)	Community Housing Innovations	37,953
(2),(3)	Cornell Cooperative Extension Association	183,614
(1)	Council for Unity	15,205
(3)	Education & Assistance Corp. (EAC)	706,862
(1)	Faith Baptist Church of Coram	40,103
(2),(3)	Family & Children's Association	251,818
(1)	Family Counseling Services	148,268
(1)	Family Residences and Essential Enterprises	20,783
(2),(3)	Family Service League	371,110
(2),(4)	Federation Employment & Guidance Service (FEGS)	54,000
(3)	Federation of Organizations	530,674
(1)	For Our Children and Us	32,377
(1)	Good Samaritan Hospital	359,042
(1)	Hands Across Long Island	112,000
(1)	Hope for Youth	68,102
(2),(3)	Jewish Association for Services for the Aged (JASA)	197,978
(1)	Legal Aid Society of Suffolk County	498,318
(2),(3)	Long Island Housing Partnership	160,000
(1)	Long Island Housing Services	12,000
(1)	Mercy Center Ministries	15,490
(1)	Moriches Nutrition	22,234
(1)	Nassau Suffolk Coalition for the Homeless	28,989
(2),(3)	Nassau Suffolk Law Services	27,022
(1)	OLA of Eastern Long Island Inc.	604
(1)	Options for Community Living	310,110
(3)	Pederson-Krag Center	1,088,136
(1)	Pronto of Long Island	14,615
(2),(3)	Research Foundation of SUNY	4,553
(1)	Retired and Senior Volunteer Program	77,972
(1)	Retreat	220,852
(3)	SCO Family of Services	525,060
(1)	Shinnecock Indian Nation	20,273
(1)	Smithhaven Ministries	18,206
(2),(3)	Southside Hospital (North Shore LI Jewish Health System)	292,730
(3)	Suffolk County Coalition Against Domestic Violence	556,840
(1)	Suffolk County United Veterans	40,811
(1)	Suffolk Y Jewish Community Center	1,800
(1)	United Veterans Beacon House	76,862
(2),(3)	University of Illinois	4,377
(2),(4)	Victims Information Bureau of Suffolk County	478,846
(1)	Vocational Education Extension Board (VEEB)	69,512
(3)	Y.M.C.A. of Long Island	732,572
		<u>\$ 12,820,506</u>

See Notes to Schedules (p.13)

**Single Audit Subrecipient Monitoring**  
**For the Period January 1, 2007 through December 31, 2007**  
**Notes to Schedules**

- (1) The subrecipient submitted a Single Audit exemption letter, which stated that they expended less than \$500,000 in federal funds and were, therefore, not required to comply with the reporting requirements of OMB Circular A-133.
- (2) Suffolk County passed-through less than \$500,000 in federal funds to the subrecipient. However, the subrecipient reported that they had other sources of federal funding and expended more than \$500,000 in federal funds and were, therefore, required to comply with the reporting requirements of OMB Circular A-133.
- (3) A desk review of the subrecipient's Single Audit report was performed and the report was determined to be in compliance with the reporting requirements of OMB Circular A-133.
- (4) A desk review of the subrecipient's Single Audit report was performed and deficiencies were noted. However, satisfactory resolution was subsequently achieved.
- (5) The Town of Riverhead has not submitted a single audit report to Suffolk County as of the date of this report. The Town expects to issue the report by December 31, 2009.